

# NatWest Group plc

# Investor Factbook

Annual Results 2023



NatWest Group

## Our focus is on creating sustainable long-term value

- Our business has delivered a strong FY'23 RoTE of 17.8%
- Leading positions across our three businesses with capacity for disciplined growth
- Delivered FY'23 cost guidance, expect broadly stable in FY'24
- Well diversified, high quality loan book
- Good capital generation supporting strong distributions

### Our financial targets

**RoTE** >13% in 2026

**Payout ratio<sup>1</sup>** ~40% with capacity for buybacks

**CET1 ratio** in the range of 13-14%

1. Ordinary Dividend Payout ratio

## Our business has delivered FY'23 RoTE of 17.8%

Strong returns with attributable profit of £4.4bn

**£14.3bn**

Income ex notable items<sup>1</sup>  
+ 10% vs FY'22

**£7.6bn**

Costs<sup>2</sup>  
+5% vs FY'22

**17.8%**

Return on Tangible Equity  
vs 12.3% in FY'22

Significant capital generation and £3.6bn distributions<sup>3</sup>

**17p**

Ordinary dividend per share  
+26% vs FY'22

**£2.1bn**

Buybacks  
Includes new £300m on-market buyback<sup>4</sup>

**13.4%**

CET1 ratio  
vs 14.2% in FY'22

Strong funding and risk management: 15bps Loan impairment rate

**84%**

Loan to Deposit Ratio  
£66bn surplus deposits<sup>5</sup>

**144%**

Liquidity Coverage Ratio  
£45bn headroom<sup>6</sup>

**£12bn**

TFSME Financing<sup>7</sup>  
£4bn due by end of 2025

1. Total income excluding notable items. 2. Costs excluding litigation and conduct. 3. £3.6bn includes £1.3bn Directed Buyback executed in May'23, £0.5bn on-market buyback announced in H1'23, £0.3bn on-market buyback announced 16th Feb '24, £0.5bn interim dividend paid in Sept'23 and £1.0bn final ordinary dividend accrued. 4. Announced on 16th February 2024 and accrued within 13.4% CET1 ratio. 5. £66bn more deposits than loans. 6. £45bn headroom above the regulatory minimum. 7. TFSME is Term Funding Scheme from the Bank of England and is four-year funding of at least 10% of participants' stock of real economy lending at interest rates at, or very close to, Bank Rate.

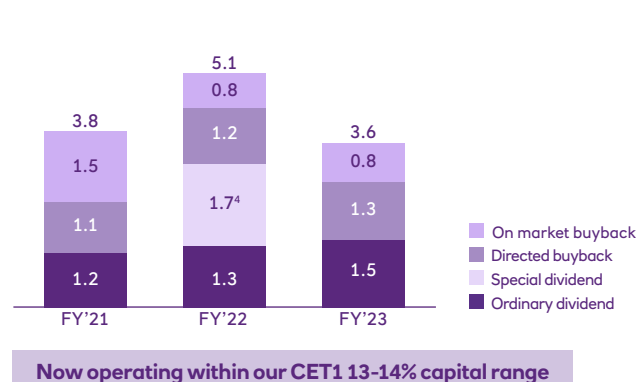
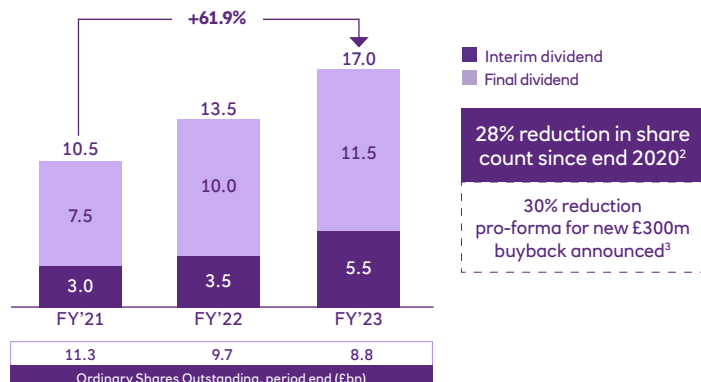
## Strong track record of distributions to shareholders

Strong ordinary dividend per share growth supported by multi-year buyback programmes

£12.5bn<sup>1</sup> distributions from 2021 to 2023

Ordinary dividend per share, GBp

Shareholder distributions 2021-2023 Paid and accrued, £ billion



1. Includes £1.0bn accrual for final dividend 2023. 2. Over the three year period since 31.12.20 when there were 12.1bn shares outstanding. 3. On-market buyback announced on 16th Feb'24. 4. £1,746m

The guidance, targets, expectations and trends discussed in this presentation represent NatWest Group management's current expectations and are subject to change, including as a result of the factors described in the "Risk Factors" in NWG's 2023 Annual Report and Accounts and the Risk Factors in the NWM 2023 Annual Report and Accounts. These statements constitute forward-looking statements.

# Segmental summary<sup>1</sup>

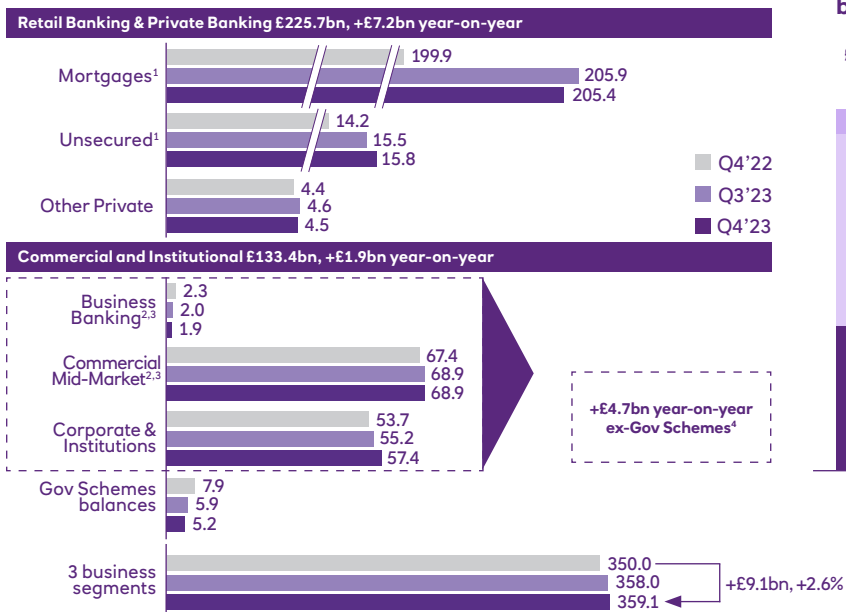
Ulster Bank ROI continuing operations are reflected within Central Items & other

Group FY'23, £bn	Retail Banking	Private Banking	Commercial & Institutional	Central items & other	Group
Net interest income	5.5	0.7	5.0	(0.2)	11.0
Non-interest income	0.4	0.3	2.4	0.6	3.7
<b>Total income</b>	<b>5.9</b>	<b>1.0</b>	<b>7.4</b>	<b>0.4</b>	<b>14.8</b>
<b>Income ex-notable items</b>	<b>5.9</b>	<b>1.0</b>	<b>7.4</b>	<b>(0.0)</b>	<b>14.3</b>
Other operating expenses	(2.7)	(0.7)	(3.9)	(0.4)	(7.6)
Litigation and conduct	(0.1)	(0.0)	(0.2)	(0.0)	(0.4)
<b>Operating expenses</b>	<b>(2.8)</b>	<b>(0.7)</b>	<b>(4.1)</b>	<b>(0.4)</b>	<b>(8.0)</b>
<b>Operating profit/(loss) before impairment releases/(losses)</b>	<b>3.1</b>	<b>0.3</b>	<b>3.3</b>	<b>0.0</b>	<b>6.8</b>
Impairment releases/(losses)	(0.5)	(0.0)	(0.1)	(0.0)	(0.6)
<b>Operating profit/(loss)</b>	<b>2.6</b>	<b>0.3</b>	<b>3.2</b>	<b>0.0</b>	<b>6.2</b>
<b>£bn</b>					
Net loans to customers – amortised cost	205.2	18.5	131.9	25.8	381.4
Customer Deposits	188.0	37.7	193.4	12.3	431.4
RWAs	61.6	11.2	107.4	2.8	183.0
<b>Return on equity / tangible equity</b>	<b>23.8%</b>	<b>14.8%</b>	<b>15.4%</b>	<b>nm</b>	<b>17.8%</b>
<b>Cost:income ratio</b>	<b>45.7%</b>	<b>68.3%</b>	<b>52.1%</b>	<b>nm</b>	<b>51.8%</b>

1. May not cast due to rounding.

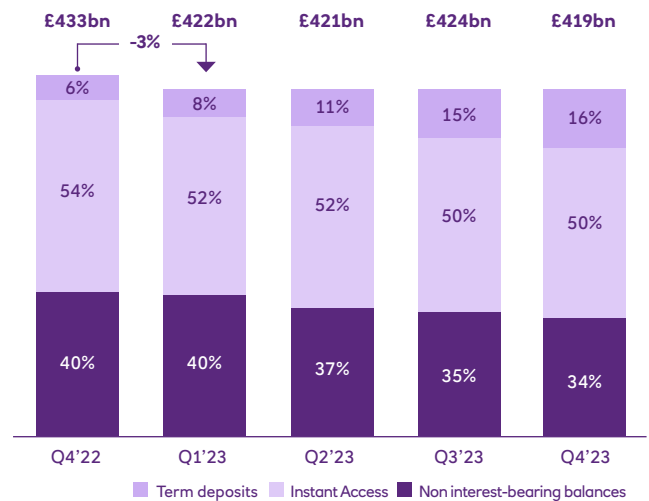
## Disciplined approach to growth

Gross loans to customers (amortised cost) at Q4'23, £bn



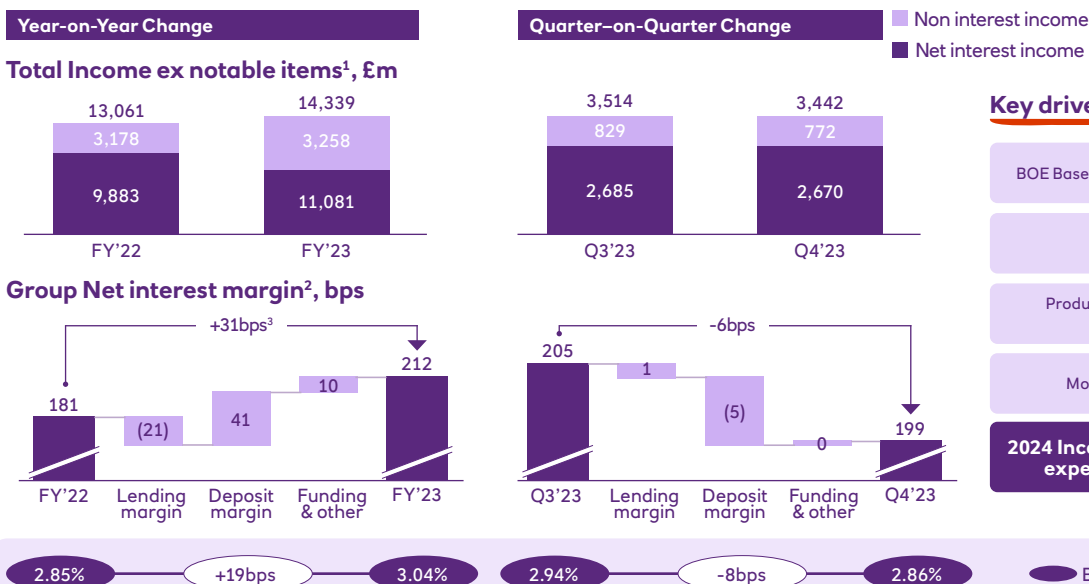
## Deposit migration slowing

Deposit mix by interest type across the 3 customer businesses<sup>5</sup> %, £bn



1. Across Retail and Private Banking 2. All sub-segments in Commercial & Institutional are ex government schemes. 3. Business Banking (BB) and Commercial Mid-Market (CMM) segment balances have been restated in Q4'22, Q1'23 and Q2'23 by c.£0.1bn each quarter. This was as a result of a proportion of customers moving from BB to CMM intra quarter and their repayment balances adjusted accordingly. Also note C&I total figure for Q4'22 will not cast to Financial Supplement due to rounding. 4. Excluding Government schemes, also note this will not cast to numbers on the chart due to rounding. 5. The Non-interest-bearing and Interest-bearing split for Commercial & Institutional is implied from the Total for the three businesses and the disclosures for Retail Banking and Private Banking.

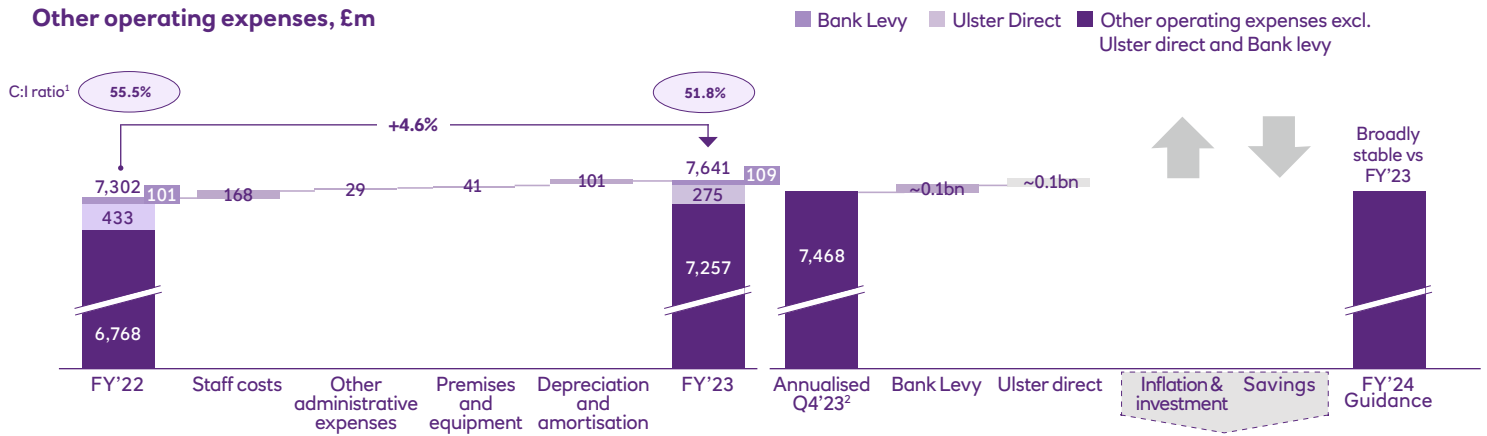
## FY'23 income and Bank NIM in line with guidance



1. Excluding relevant notable income items per slide 30 of the 2023 Annual Results Presentation. Reported Q4'23 Net Interest Income £2,638m incl. -£32m tax interest on prior periods. 2. Group Net Interest Margin = Reported Group Net Interest Income / Group Average Interest Earning Assets. Bank Net Interest Margin = Report Group Net Interest Income / Bank Average Interest Earning Assets. Adjusting for tax interest on prior periods, Group NIM: 202bps, Bank NIM: 289bps. 3. May not cast due to rounding.

# Delivered FY'23 cost guidance, expect broadly stable in FY'24

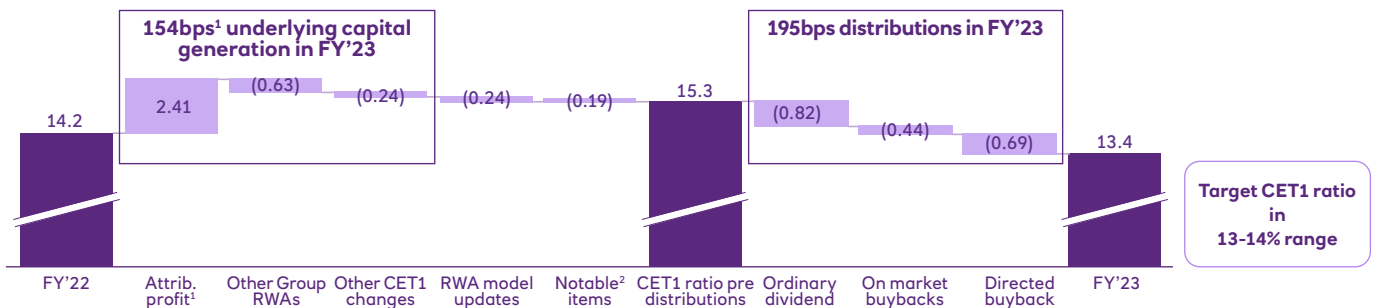
## Other operating expenses, £m



1. Cost:income ratio is total costs excluding litigation and conduct, divided by total income. 2. Q4 23 annualised run rate is Q4 23 Other Operating Expenses of £2,041bn excl. £105m bank levy and £69m Ulster costs annualised by multiplying by 4. 3. Other operating expenses excl. Ulster direct and Bank levy.

## Good capital generation supporting strong distributions

CET1 ratio, %



1. Attributable profit excludes the relevant P&L items excluded for underlying capital generation 2. Underlying capital generation for notable items excludes Ulster P&L and RWAs, FX recycling and related reserve movements, Cushion acquisition, tax in respect of prior periods, other income notable items and regulatory RWA changes.

## 2024 priorities to deliver returns

### Disciplined growth

- Meet more of our customers' needs, diversifying income
- Improve share in targeted segments, subject to returns
- Deepen engagement through increased personalisation

**Building stable income streams**

### Bank-wide simplification

- Digitise journeys to improve customer experience
- Streamline platforms, processes and systems
- Invest in scalable and new technology including AI

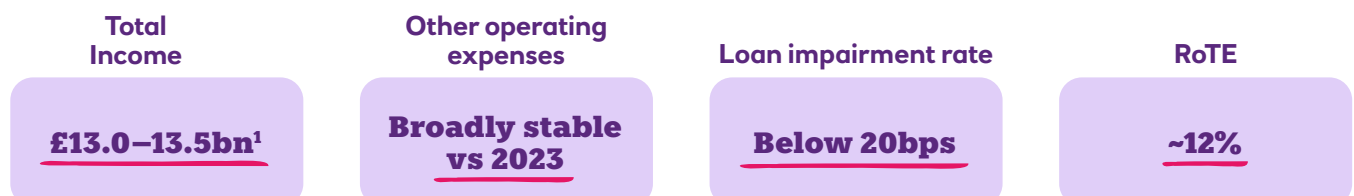
**Improving productivity and efficiency**

### Active balance sheet and risk management

- Allocate capital dynamically to optimise returns
- Maintain strong asset quality through the cycle
- Return surplus capital to shareholders

**Driving capital generation and distribution capacity**

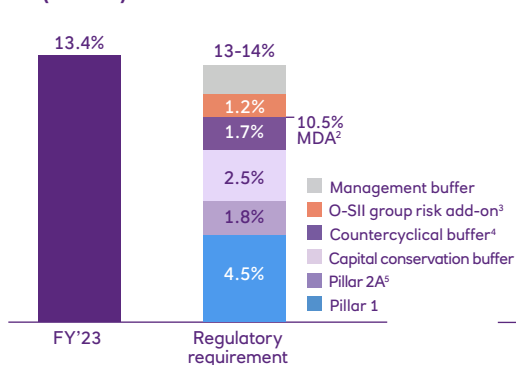
### 2024 Guidance



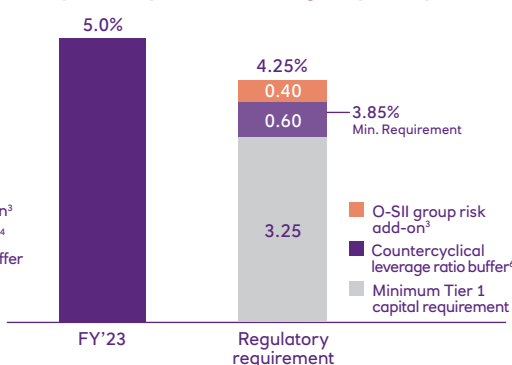
1. Total Income ex notable items.

# Strong capital and liquidity positions provide confidence and flexibility

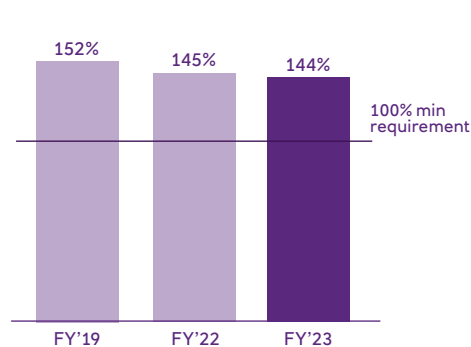
**CET1 capital (% RWA)<sup>1,2</sup>**



**UK leverage ratio (Tier 1 capital as % leverage exposure)**



**Liquidity coverage ratio (LCR) as at FY'23 Headroom of £45.4bn**



1. Operating range in 2023 reflects medium term CET1 of 13-14%. 2. Based on assumption of static regulatory capital requirement. 3. O-SII buffer of 1.5% applies to the ring-fenced bank holding company. The equivalent O-SII Group Risk Add-on<sup>3</sup> is ~1.2%. The O-SII Group Risk Add-on is included in the Group's minimum supervisory minimum. 4. Countercyclical buffer -The UK CCyB rate increased from 0% to 1% effective from 13 December 2022. A further increase from 1% to 2% was announced on 5 July 2022, effective 5 July 2023. 5. Pillar 2A requirements are expected to vary over time and are subject to at least annual review. 56.25% of the total Pillar 2A requirement must be met from CET1 capital. 6. The countercyclical leverage ratio buffer is set at 35% of NatWest Group's CCyB. As noted above the UK CCyB increased from 1% to 2% from 5 July 2023. Foreign exposures may be subject to different CCyB rates depending on the rate set in those jurisdictions.

Credit ratings <sup>1</sup>	Moody's	S&P	Fitch
<b>Group holding company</b>			
NatWest Group plc	A3/Sta	BBB+/Sta	A/Sta
<b>Ring-fenced bank operating companies</b>			
NatWest Bank Plc	A1/Sta*	A+/Sta	A+/Sta
NatWest Bank Europe GMBH	NR	A+/Sta	A+/Sta
Royal Bank of Scotland plc	A1/Sta*	A+/Sta	A+/Sta
<b>Non ring-fenced bank operating companies</b>			
NatWest Markets Plc	A1/Sta	A/Sta	A+/Sta
NatWest Markets N.V.	A1/Sta	A/Sta	A+/Sta
NatWest Markets Securities Inc	NR	A/Sta	A/Sta
RBSI Ltd	A1/Sta*	A/Sta	A/Sta

1. Long-term ratings (Senior Unsecured Debt and/or Deposit Ratings for Moody's, Issuer Credit Rating for S&P, Long-Term Issuer Default Rating for Fitch). Ratings as of 16/02/2024. \*Moody's long-term Issuer and Deposit Rating. The ring-fenced bank operating companies do not issue rated senior unsecured debt. Nevertheless, Moody's assigns an Issuer Rating. The outlook on both ratings is Stable.

ESG Rating <sup>1</sup>	Scale:	2020:	2021:	2022:	December 2023:
MSCI	AAA to CCC	▲ AA	AA	AA	AA

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## Legal entity issuing structure

## Investors

